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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

GARY PIERCE
Chairman

BOB STUMP
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BRENDA BURNS
Commissioner

2012 FEB 24 PM 2 10

Arizona Corporation Commission

DOCKETED

FEB 24 2012

DOCKETED BY

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IN THE MATTER OF THE APPLICATION
OF ARIZONA-AMERICAN WATER
COMPANY, FOR APPROVAL OF A
TARIFF AT VARIANCE WITH A.A.C.R14-
2-410.A.2.

DOCKET NO. W-01303A-12-0063

APPLICATION FOR APPROVAL
OF TARIFF

Arizona-American Water Company dba EPCOR Water Arizona ("EPCOR Water") applies for approval of a tariff that grants it a variance from A.A.C. R14-2-410.A.2 for water customers of EPCOR Water who are also wastewater customers of the City of Peoria, Arizona ("Peoria"). Because EPCOR Water is the water provider in parts of Peoria, the City cannot shut off wastewater service to collect delinquent wastewater bills unless EPCOR Water is given authority to simultaneously discontinue water service.

In Decisions Nos. 66998 and 68917, the Commission approved variances from A.A.C. R14-2-410.A.2 for a tariff and associated water services termination agreement with the City of Bullhead City, Arizona (Decision No. 66998) and the City of Surprise, Arizona (Decision No. 68917). As authorized by the Commission, those Decisions authorize EPCOR Water to assist those cities in collecting delinquent wastewater bills by discontinuing water service to delinquent wastewater customers.

In the present application, EPCOR Water asks for a similar variance from A.A.C. R14-2-410.A.2 for a tariff associated with a water service termination agreement with the

1 City of Peoria ("Peoria Termination Agreement"). This would apply to EPCOR Water's
2 Sun City water district customers who are also wastewater customers of the City of Peoria.

3 The Peoria Termination Agreement is likewise modeled after the previously
4 approved termination agreements. A copy of the executed Peoria Termination Agreement
5 is attached as Exhibit A. A draft tariff for the Sun City Water District is attached as
6 Exhibit B. It was modeled on the Commission-approved tariff in Decision No. 68917 and
7 improved to set forth the charges under the tariff.

8 For the reasons described in Decision Nos. 68917 and 66998, EPCOR Water
9 submits that a variance from A.A.C. R14-2-410.A.2, the Peoria Termination Agreement,
10 and the associated tariff are all in the public interest and requests that they be approved.
11 EPCOR Water further requests that the Commission authorize it to notify affected
12 customers by either direct mail or bill insert (at the Company's discretion).

13
14 RESPECTFULLY SUBMITTED this 24th day of February, 2012.

15 LEWIS AND ROCA LLP

16 

17 _____
18 Thomas H. Campbell
19 Michael T. Hallam
20 40 North Central Avenue
21 Phoenix, AZ 85004
22 Attorneys for EPCOR Arizona

23 ORIGINAL and thirteen (13) copies
24 of the foregoing filed
25 this 24th day of February, 2012, with:

26 The Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered

1 this 24th day of February, 2012, to:

2 Steve Olea
3 Utilities Division
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, Arizona 85007

7 Lyn Farmer
8 Chief Administrative Law Judge, Hearing Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 Janice Alward, Chief Counsel
13 Charles Hains
14 Legal Department
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

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Exhibit A

**AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF
INFORMATION REGARDING WATER CONSUMPTION**

This AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF INFORMATION REGARDING WATER CONSUMPTION (this "Agreement") is made and entered into as of the 20th day of September, 2011, by and between ARIZONA-AMERICAN WATER COMPANY, an Arizona corporation ("Arizona American"), and THE CITY OF PEORIA, an Arizona municipal corporation duly organized and existing under the laws of the state of Arizona (the "City"). Arizona American and the City are sometimes referred to collectively as the "Parties" in this Agreement.

RECITALS:

A. Arizona American provides water utility service to certain residents of the City (collectively, the "Arizona American Water Customers") under a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission"), and the City provides sewer utility service to certain residents within its borders, some of whom are also Arizona American Water Customers.

B. For purposes of this Agreement, an Arizona American Water Customer who is also a customer of the City of sewer utility service is referred to as a "Shared Customer."

C. The City has requested Arizona American to assist in the City's collection of delinquent sewerage bills or charges when requested to do so, by terminating water utility service to Shared Customers who are then delinquent in the payment of the City's sewer utility bills.

D. The City has requested that Arizona American provide information to the City regarding water consumption by the Arizona American Water Customers in order to assist the City in billing for sewer utility service to those customers.

E. Arizona American and the City desire to enter into this Agreement specifically setting forth the respective duties, obligations, responsibilities, and liabilities of the Parties and recognizing that the effectiveness of this Agreement is subject to Commission approval.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, Arizona American and the City, each intending to be legally bound by this Agreement, hereby agree as follows:

1. Water Service Termination.

1.1 The City, by written notice to Arizona American (a "Termination Request"), may request that Arizona American terminate water service to a Shared Customer who is then liable to the City for overdue sewer charges ("Delinquent Shared Customer"). Each Termination Request will constitute the City's representation and warranty to Arizona American that the applicable Shared Customer is then a Delinquent Shared Customer and has been provided the notice contemplated in subparagraph 1.2.A, below. Upon Arizona American's receipt of a

Termination Request, Arizona American will promptly commence its service termination process with respect to that Shared Customer in compliance with the terms of this Agreement and in compliance with any requirements imposed upon Arizona American by the Commission. The City will perform its own collection process for overdue sewer utility service charges, and will not request termination of water utility service by Arizona American unless and until the City could have terminated water service to that Shared Customer if that Shared Customer was a water service customer of the City. Termination Requests from the City will be processed by Arizona American each week, and the City may cancel any Termination Request without charge by providing written notice to that effect to Arizona American prior to noon on the date Arizona American's water utility service is scheduled to be shut off. For each request made after that time, the City will be charged a Disconnect Cancellation Fee (as defined in Exhibit A).

1.2 In order for Arizona American to shut off water service to a Delinquent Shared Customer, the City will:

- A. notify the applicable Delinquent Shared Customer, in writing and by posting notice in the form set for in Exhibit B at the premise where the applicable Delinquent Shared Customer receives water service from Arizona American and sewer utility service from the City (the "Shut-off Premises"), that water service by Arizona American will be terminated ten (10) days after the date of the delinquent notice as a result of that Delinquent Shared Customer's delinquent sewer bill with the City; and
- B. notify Arizona American by Termination Request, which shall be delivered by e-mail, to terminate the water service of Shared Customer in accordance with procedures in paragraph 1.3.

1.3 The City will pay a Disconnect Fee in accordance with Exhibit A for each Termination Request delivered to Arizona American, which Disconnect Fee will be consideration for Arizona American taking the necessary steps to terminate its water utility service to the applicable Shared Customer, unless the City withdraws its Termination Request prior to actual disconnection in accordance with paragraph 1.1, above. Upon Arizona American's receipt of a Termination Notice, Arizona American shall:

- A. shut off the water source to the Shut-off Premises in accordance with Arizona American's customer shut-off procedures;
- B. notify the City by e-mail of the date water service was shut off to the Shut-off Premises;
- C. keep a separate record detailing all of the Termination Requests under this Agreement; and
- D. resume water utility service to the Shut-off Premises in accordance with Arizona American's turn-on procedures after being notified by the City, in writing delivered by e-mail, that the delinquent sewer bill has been paid or that payment arrangements have been made, and upon the Shared Customer paying all charges then due to Arizona American resulting from the shutoff.

The City expressly acknowledges and agrees that Arizona American shall have no other obligations or responsibilities under this Agreement with respect to the shut off of water utility service to Delinquent Shared Customers other than those expressly set forth above in this paragraph 1.3.

1.4 In addition to payment of the applicable Disconnect Fees, the City will pay Arizona American a Monthly Lost Revenue Fee in accordance with Exhibit A for each Delinquent Shared Customer whose water utility service is terminated under this Agreement for all or a portion of the applicable month. The Monthly Lost Revenue Fee is intended to compensate Arizona American for the loss of revenue that Arizona American would have received from that Delinquent Shared Customer if the water utility service had not been terminated. Arizona American may, from time to time by written notice to the City, revise the Monthly Lost Revenue Fee as appropriate to reflect any changes in Arizona American's water rates approved by the Commission. The Monthly Lost Revenue Fee shall be prorated for any period less than 30 days. Arizona American will invoice the City for all Monthly Lost Revenue Fees under this Agreement on a monthly basis, and the City shall process invoices and pay Arizona American promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices.

2. Sharing of Information Regarding Water Consumption.

2.1 Arizona American will provide the City an account to access Arizona American's ON-Line Account Manager Database ("OAM") in order for the City to get water consumption information for the Shared Customers (the "Consumption Information") for the City's use in billing the Shared Customers for sewer utility services. The City shall provide Arizona American with a map of the City's sewer utility service area located within Arizona American's water service area. The City acknowledges and agrees that it is authorized to use the Consumption Information only for purposes of its own sewer utility services billing, and that the City is not authorized to use any of the Consumption Information for any other purpose or to disclose any of the Consumption Information to any other party except as may be required by law or the order of a court of competent jurisdiction.

2.2 The City will pay Arizona American an annual administrative fee of \$0.50 per Shared Customer for the City's access to the OAM and the associated Consumption Information provided by the OAM under this Agreement. Arizona American will bill the City annually for this administrative fee.

3. Regulatory Matters.

3.1 City understands, acknowledges and agrees that:

- A. Arizona American is an Arizona public service corporation (as such term is defined in the Arizona Constitution) and, as such, is subject to the applicable Commission rules, regulations, and orders, including, but not limited to, A.A.C. R14-2-410.A.2 and Commission Decision No. 65453 (Dec. 12, 2002) (the "Decision");

- B. pursuant to A.A.C. R14-2-410.A.2, Arizona American is precluded from disconnecting its water utility service as the result of the failure of the customer to pay for services or equipment which are not regulated by the Commission;
- C. the City's sewer utility services is not regulated by the Commission, therefore requiring Arizona American to obtain from the Commission a variance from the restrictions under A.A.C. R14-2-410.A.2 in order to proceed as contemplated in this Agreement;
- D. pursuant to the Decision, Arizona American is required to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information and to file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements;
- E. Arizona American will account for the applicable and reasonable costs incurred for the required notice and tariff and within 30 days after the required notice is provided and within 30 days after the Commission's tariff proceeding is concluded, Arizona American will bill the City for the total costs incurred by Arizona American for the required notice or tariff, as the case may be, and the City shall process invoices and pay Arizona American promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices; and
- F. upon Arizona American's submission of such notice and filing of such tariff, the Commission may stay effectiveness of any such tariff until such time, if ever, as the Commission issues a written order approving any agreement by Arizona American to share customer information.

3.2 Promptly upon the execution of this Agreement by the Parties, Arizona American will (i) request from the Commission a variance under A.A.C. R14-2-410.A.2 to allow Arizona American to fulfill its customer shut off obligations under this Agreement, and (ii) submit notice to the Commission and request from the Commission a tariff to allow Arizona American to fulfill its obligations under this Agreement to deliver to the Consumption Information to the City. The City will reasonably cooperate and assist Arizona American, at no cost to Arizona American, in connection with obtaining the approvals of the Commission enabling Arizona American to fulfill its obligations under this Agreement.

3.3 Based upon the foregoing, the City agrees that Arizona American will have no obligations under this Agreement to deliver any of the Consumption Information or to shut off water utility service to any Delinquent Shared Customer unless and until the Commission grants the requested variance or tariff, as the case may be, contemplated under paragraphs 3.1 and 3.2, above. The provisions of this paragraph 3.3 supersede any other provision of this Agreement.

4. Miscellaneous Provisions.

4.1 City will indemnify, defend, and hold Arizona American harmless from and against all claims, losses, liability, costs, or expenses, including reasonable attorney's fees,

(collectively, "claims") arising out of the termination of water utility service to Delinquent Shared Customers or City's use of the Consumption Information provided to City by Arizona American under this Agreement, except to the extent any claims arise out of the negligence of Arizona American, its employees or representatives.

4.2 Notwithstanding anything in this Agreement to the contrary, Arizona American will have no obligation under this Agreement to shut off water utility service to any multi unit structure sharing a common service line.

4.3 This Agreement will remain in effect indefinitely (subject always to the provisions of paragraph 3.3, above); provided, however, that either party may terminate this Agreement at any time and for any or no reason upon sixty days' prior written notice to the other Party.

4.4 Neither the City nor Arizona American will be liable for any loss or damage due to failure or delay in rendering any service or performing any obligation required under this Agreement resulting from any cause beyond their reasonable control including, but not limited to: acts of God; acts or omissions of civil or military authority; acts or omissions of contractors or suppliers; fires; floods; epidemics; quarantine restrictions; severe weather; strikes; embargoes; wars; political strife; riots; delays in transportation; or fuel, power, materials or labor shortages. In addition, Arizona American will in no event be liable to the City for any lost sewer utility service revenue claimed by the City as the result of Arizona American's failure to shut off water utility service to any Delinquent Shared Customer or as the result of any delay in Arizona American's shutting off such water utility service.

4.5 The failure of either Party to enforce the provisions of this Agreement at any time will not constitute a waiver of such provisions in any way and will not limit the right of the City or Arizona American to avail themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provisions or requirements of this Agreement will not constitute a waiver of any other provision or requirement. Any waiver of any specific provision or requirement of this Agreement will be written and signed by the Party to be bound by such waiver.

4.6 This Agreement contains the entire agreement between Arizona American and the City with respect to its subject matter. This Agreement supersedes all previous written and verbal agreements regarding such subject matter. Any amendment, revision, modification, termination or rescission of this Agreement, to be effective, must be in writing and signed by both Parties.

4.7 This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

4.8 Any provision of this Agreement that is determined to be prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

4.9 This Agreement may be executed to one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

4.10 This Agreement will be construed and enforced in accordance with then laws of the State of Arizona, without giving effect to its conflicts of laws provisions.

4.11 Any notice, written request, or communication given pursuant to the provisions of this Agreement will be deemed to be delivered on the date of mailing if mailed by certified or overnight mail addressed as follows:

If to the City: City of Peoria
Attn: Finance Manager
8401 W. Monroe St.
Peoria, AZ 85345

If to Arizona American: Arizona-American Water Company
Attn: Manager, Customer Service
15626 N. Del Webb Boulevard.
Sun City, AZ 85351

or to such other addresses as the affected Party may, from time to time, specify by notice in writing in accordance with the terms of this paragraph.

4.12 This Agreement is subject to the provisions of A.R.S. §38-511.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the date first written above.

THE CITY OF PEORIA

ARIZONA-AMERICAN WATER COMPANY

By: 
Carl Swenson, City Manager

By: 
Ian G. Crooks, Director

ATTEST:

ATTEST:


City Clerk



 12-01-11
Administrative Assistant

APPROVED AS TO FORM:

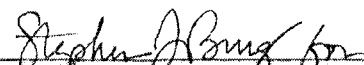

Stephen M. Kemp, City Attorney

EXHIBIT A
FEE SCHEDULE

Disconnect Fee (Turn-off and Turn-on service included)	\$80.00
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Monthly Lost Revenue Fee (based on Sun City District rates effective January 1, 2011 using average revenue from 5/8" to 1" metered residential customers including an applied combined state and federal tax rate of 39%)	\$23.76
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Exhibit B

ACC No. 1
Thru
ACC No. 31

ISSUED: February 20, 2012 EFFECTIVE: January 20, 2012
Month Day Year Month Day Year
ISSUED BY: Tom Broderick, Director, Rates
2355 W. Pinnacle Peak Rd., Phoenix, AZ 85027

Decision No. 72740

WATER SERVICES TERMINATION AGREEMENT
WITH THE CITY OF PEORIA

Arizona-American Water Company ("Arizona-American" or "Company") has been granted a variance from Arizona Corporation Commission Rule A.A.C. R14-2-410.A.2 for the limited purpose of entering into a Water Services Termination Agreement ("Agreement") with the City of Peoria, a municipal provider of wastewater service, for common customers purchasing water from Arizona-American and wastewater from the City. The purpose of this Tariff, and the authorized variance from A.A.C. R14-2-410.A.2, is to assist the City in collecting delinquent payments for wastewater utility service provided to common customers of Arizona-American.

As per the Agreement, the Company is authorized to charge the City of Peoria the following fees:

Fee Schedule:

Disconnect Fee \$80.00
(Turn-off and Turn-on service included)

Monthly Lost Revenue Fee \$23.76
(Based on Sun City District rates effective January 1, 2011 using
average revenue from 5/8" to 1" metered residential customers
including an applied combined state and federal tax rate of 39%)

Terms and Conditions

Arizona-American shall comply with the terms and conditions of the Agreement.
The Agreement with the City is attached to and incorporated into this tariff.

ISSUED: MM DD YYYY
Month Day Year

EFFECTIVE: MM DD YYYY
Month Day Year

ISSUED BY: Tom Broderick, Director, Rates
2355 W. Pinnacle Peak Rd., Phoenix, AZ 85027

Decision No. XXXXX